



# Goostrey Parish Council

## FINANCE COMMITTEE

Minutes for the meeting on Tuesday 3<sup>rd</sup> October 2023, at 7.30pm  
in the Village Hall Lounge

**Present:** Freeman (AF) (Chairman of the meeting), Rathbone (TR) Mooney (SM)

**In Attendance:** E Bambrook, Clerk to the Council

The Chairman of the meeting welcomed Councillor Sue Mooney to her first meeting.

1. **Declaration of Interests:** No interests were declared.
2. **Apologies for absence:** Cllrs. Hall, Morris and O'Donoghue
3. **Minutes of the meeting of 4<sup>th</sup> July 2023:**

**Resolved:** *The minutes of the meeting on 4<sup>th</sup> July 2023 were accepted as a true record of the meeting.*

4. **Election of Chairman and Vice Chairman:** It was agreed that Cllrs Morris and Freeman would remain as Chairman and Vice Chairman respectively for the remainder of the year, unless other members wished to take up the positions. Any member who is interested should advise the Clerk so that a motion to resolve this can be placed on the agenda.

5. **Financial Position vs. Budget for Quarter 2 2023:** The committee reviewed the report and were content that there were no issues of concern.

**Resolved:** *The committee resolved to approve the Financial Position vs. Budget for Quarter 2 2023.*

6. **Draft Unaudited Accounts for Quarter 2 2023:** The unaudited accounts were received and scrutinised by the committee. There were no issues of concern.

**Resolved:** *The committee resolved to approve the Draft Unaudited Accounts for Quarter 2 2023.*

7. **Bank Reconciliations for Quarter 2 2023:** The committee reviewed and approved the overall bank reconciliation for the quarter and the Chairman of the meeting signed the document.

8. **Reserves:** The Council's Capital and Earmarked (Revenue) reserves were considered by the committee

**Resolved:** *The committee resolved to approve the council's reserves position.*

9. **Village Hall Recharge:** The contents of the Clerk's report were received and noted. The Clerk made a correction to the figures in the conclusion of the report which resulted in a change to the figure quoted in resolution d) below. **See Appendix 1** for the full report including correction. Following an in depth discussion, the following resolutions were made:

- a) **Resolved:** *The Finance Committee recommends that the Parish Council agrees to pay the remaining £2,767.01 of the 2018/2019 recharge on presentation of an invoice from Cheshire East Council.*
- b) **Resolved:** *The Finance Committee recommends that the Parish Council agrees that the figure of £646.76 for the 2020/2021 recharge will be paid on presentation of an invoice from Cheshire East Council.*
- c) **Resolved:** *The Finance Committee recommends that the Parish Council requests that Cheshire East Council raise an invoice to include the 2018/2019, 2019/2020 and 2020/2021 recharges.*

d) **Resolved:** *The Finance Committee recommends that the Parish Council reduces the reserves for the 2018/2019, 2019/2020 and 2020/2021 recharges to the figures quoted by Cheshire East Council. Any surplus should be transferred to support the recharge deficits in years 2018/2019 (1p) and 2022/2023 (3,639.39), the remainder to be transferred to the General Fund.*

- 10. Risk Assessment:** The committee reviewed the risk assessment and considered the recommended updates. The Chairman of the meeting recommended that councillors undertake appropriate training provided by ChALC as this will help to ensure that identified risks are mitigated as far as possible. The full training schedule is available from the Clerk with online session planned throughout the year and at various times of day.

**Resolved:** *The Finance Committee recommends that the Parish Council approves the updated Risk Register as part of its Risk Management Policy*

- 11. Budget Setting Timetable:** The Clerk confirmed that all committees would be holding budget meetings prior to the Finance budget meeting on 7<sup>th</sup> November. Budget approval and precept setting will take place at either the council meeting at the end of November or the following meeting in mid-December.
- 12. Internal Auditor for 2023/24:** It was agreed that JDHS Business Services should be engaged for the 2023/24 Internal Audit and that a review of auditors should take place next year. The Clerk agreed that the internal auditor needs to be reviewed on a regular basis but made the point that it will be important to find a sector specific auditor to ensure that the audit provided is robust and rigorous.
- 13. Minor Items and Items for the Next Agenda:** A first draft of a grant application to support the continued provision of the Post Office outreach service in Goostrey, located at the Methodist Church was presented. As this did not appear as an agenda item no decision could be made, however, the Clerk agreed that this could be included on the agenda for the October council meeting once the full and finalised application was received.
- 14. Next meeting:** Tuesday 7<sup>th</sup> November 2023 - Budget Meeting
- 15. The meeting closed at 8.50pm**

# APPENDIX 1

## Village Hall Recharge Report 2018 -2023

### Background

Goostrey Parish Council is a joint use partner with Goostrey Community Primary School, sharing the use of Goostrey Village Hall since 1985. Historically the school would provide the Parish Council and Cheshire East Council (CEC) with the charges apportioned to the Village Hall on our centre code via the General Transaction List (GTL). Cheshire East would then supply an invoice so that the parish council could make payment. This has not happened for several years, despite requests from both sides for this to be addressed. Over the years CEC have increasingly asked the school to take on more of the administration associated with this, including raising the recharge invoice. Whilst the school were always responsible for inputting joint use invoices into Unit 4 for shared costs they had no dealings with central billing; prior to Unit 4, invoices were split accordingly. The school are not compensated for the additional administration work which is involved and have refused to raise the recharge invoice as the money is owed to CEC and not the school.

The result of this is that the Parish Council must estimate the recharge each year and place this in an earmarked reserve in anticipation of receiving an invoice. With costs increasing this is making the budgeting process increasingly difficult. In April 2023, CEC confirmed the recharge amounts owed and agreed to arrange an invoice to bring the finances up to date, the figures are as follows:

Recharge Year	Recharge Total
2018-19	£2,767.01
2019/20	£8,871.70
2020/21	£646.76
2021/22	£7,077.16
2022/23	£13,639.39
<b>Total</b>	<b>33,002.02</b>

It remains the case that CEC have not supplied invoices for the recharge for five years despite repeated requests and contact in May 2023 indicating that this would be done.

### Findings

The Clerk undertook a review of the decision making surrounding the recharge years from 2018/2019 – 2022/2023.

#### 2018/2019

At the Parish Council meeting on 24/09/2019, item 5 records the council's resolution to accept the VHMC committees recommendation:

***The VHMC recommends that the Parish Council makes a part payment of the recharge invoice for 2018/19 of £10,396.78. A reduction of £2,2767.01 for Landlord & Tenant Maintenance from the total invoice of £13,163.79.***

This followed the reconciliation of the electricity invoices, leaving the outstanding issue of the Landlord and Tenant Maintenance element to be resolved. The part payment was made and £2,2767.01 remains in the recharge reserve for that year which CEC still believe is outstanding.

The VHMC minutes from 28/06/2018 record that the £1,353 threshold which affords the Parish Council a reduction of 85% on charges to the Landlord & Tenant Maintenance categories for the first £1,353 spent was set in 1985. The Parish Council were seeking to increase the threshold to £4,065 to reflect costs over thirty years after the Joint Use Agreement (JUA) had been signed. The school advised that CEC would need to agree any change as it may require a change to the JUA. Agreement never seems to have been reached and we must therefore assume that this remains in dispute.

Item 9 from the VHMC minutes of 14/09/2015 record, in relation to the JUA, that CEC had made it clear that the existing arrangements would stay in place for 40 years and that the Parish Council and the school would need to liaise on any changes that might need to be made to general operations to bring procedures up to date.

Although the minutes of this meeting pre-date the discussions about the threshold for Landlord & Tenant Maintenance charges in 2018/19, they support the theory that CEC were unwilling to accept any changes to the JUA. The regular JUA meetings with CEC have not taken place for some time despite the school's repeated attempts to revive them. It is the school's stated position that JUA is no longer fit for purpose.

The assertion by CEC that the terms of the JUA would remain in place for 40 years is not mentioned in the JUA but raises the prospect that changes could be made in 2025, if anyone at CEC is prepared to undertake the work.

## 2019/2020

At the Parish Council meeting on 28/09/2021, item 5 iii records that:

***The Parish Council resolved to approve the payment of the reconciled Village Hall Recharge 2019/20 in the sum of £8,871.70.***

This agrees with CEC's assessment and if an invoice were received, could be paid immediately.

## 2020/2021

The Village Hall was closed due to Covid restrictions and the school had full use of the hall. The school funded the waste collections from the Village Hall from June 2020 to the end of July 2021 at an estimated cost of £1,200. It wasn't possible to be more specific as at this point CEC were already so far behind in charging that they hadn't caught up with invoices.

In addition, the school agreed to pay for the whole fuel bill for the delivery which was made in January 2022. The estimated contribution to that payment from the Village Hall would have been £1,000. This suggested that the school would have paid approximately £2,200 towards the Village Hall running costs for the year that they had sole use of the building. Based on the previous Clerk's calculations and report she produced, the estimated recharge for that year was £1,179.3

The Finance Committee was asked to consider whether this was sufficient funding for the period the Village Hall was closed and received grants to cover its costs. On 18/01/2022 the Finance Committee decided that a working group should be established to reconcile the invoices, this didn't happen.

The actual recharge for this period, quoted by CEC, was £4,855.15 but was reduced to a total of £646.76 due to the refund of business rates charged in error as follows:

<b>Total Recharge</b>	<b>£4,855.15</b>
<b>Less prior years rate refunds</b>	<b>£3,073.81</b>
<b>Less 2019/2020 rate refund</b>	<b>£1,134.58</b>
<b>Recharge 2020/2021</b>	<b>£ 646.76</b>

No decision has been taken by the council to agree that this figure is correct.

## 2021/2022

CEC have stated that the recharge for this year is £7,077.16. The Village Hall didn't re-open until 03/07/2021 due to ongoing Covid restrictions. The school haven't provided any copy invoices and therefore the recharge for this year can't be reconciled.

## 2022/2023

## Reconciliation of Invoices

The General Transaction List (GTL) along with a number of copy invoices was provided by the school on 6<sup>th</sup> June 2023. The following invoices are missing from the bundle sent over by the school.

### John Worth invoices:

80551

### John Potts invoices:

22122

22374

22013

22526

22543

22565

22617

22779

22926

23158

Also missing are all the invoices relating to waste management and also to telephone rental charges. The school have been asked to provide copies so that the reconciliation can be completed.

## Issues Arising

- The total Village Hall Recharge for 2022/23 has been calculated by CEC and the school at £13,639.39 but the total provided by adding together the figures on the GTL is £15,959.98. This is a difference of £2320.59.
- The invoices for the electricity usage have been charged to the Village hall at 100% but should be split on a 67% Village Hall/33% school basis. The invoices presented are for the Infant School and Village Hall site combined as would be expected. The school have been asked to check this.
- There appear to be anomalies in the percentages being applied to the invoices relating to the Planned Maintenance expenditure heading. This relates to the accepted assertion that the first £1,353 of expenditure is charged at 15% and any expenditure in excess of this is charged at 100%. Most of the plumbing and electrical invoicing has been apportioned at 25% to the Village Hall.
- It has not been possible to check the percentages where copy invoices haven't been provided.

## Increased Costs and Budgeting

The Village Hall budgeted £10,000 to cover the 2022/23 Recharge and needs to understand the reasons for the sudden increase in costs in order to budget correctly for future years.

Heating oil costs rose significantly for the year 2022/23 with the Village Hall's 55% contribution at a total of £6,971.

Please see table below for comparison with previous years.

Heating Fuel	
Year	Recharge at 55%
2018/19	£2,078.07
2019/20	£3,300.55
2020/21	£2,999.08
2021/22	£3,139.39

The cost of heating oil has more than doubled the highest rate from the previous four years. If it is accepted that the recharge for 2022/23 is £13,639.39 and we take off half the current oil cost (£3,485.50), which would have been a reasonable estimate for budgeting based on past experience, this leaves £10,154.39 which is almost what was budgeted and goes a long way in accounting for the unexpected increase in the recharge. For the current

financial year £11,000 has been budgeted for the recharge, the amount for 2024/25 will have to be reviewed in light of this.

If it can be established that the Village Hall has been incorrectly charged at 100% for electricity (£4,208.66) rather than at 67% (£2,819.80), this would reduce the recharge bill from £13,639.39 to £10,819.59.

## Considerations for Budgeting and Reserves

It is tempting, considering the level of reserves which the council holds for the recharge, to consider reducing the precept by not including the recharge in the budget for the next financial year. This would, however, result in a steep increase in the precept when that budget line ultimately needs to be reintroduced.

The council could consider using some of the excess recharge reserves from previous years to absorb some of the higher costs, leaving the recharge to just increase by a small amount. The council would have to be sure that the recharge figures are correct and that these are the amounts that will be eventually invoiced and, again, this could lead to a larger increase in the recharge budget in the future.

## Conclusion

The current position for the Parish Council is as follows:

Recharge Year	Recharge Total	Reserve	Surplus/Deficit	Comments
2018-19	£2,767.01	£2,767	-£0.01	Final Recharge Tenant Recharge element not agreed by Parish Council
2019/20	£8,871.70	£13,000	£4,128.30	Payment agreed by the Parish Council.
2020/21	£646.76	£13,000	£12,353.24	Covid year plus £4,208.39 in business rates rebate incorrectly charged is previous years. Not agreed by Parish Council.
2021/22	£7,077.16	£13,000	£5,922.84	Covid year. No invoices received so not reconciled.
2022/23	£13,639.39	£10,000	-£3,639.39	High cost in heating oil significantly increased the recharge. Questions remain over some invoicing percentages. Not yet able to reconcile.
<b>Total</b>	<b>33,002.02</b>	<b>£52,767</b>	<b>£18,764.98</b>	

- The council needs to decide whether it would be prepared to pay the remaining £2,767.01 of the 2018/2019 recharge as there has been no agreement to an increase in the Landlord & Tenant Maintenance threshold and this remains unlikely.
- If an invoice was received for the 2019/2020 recharge then this could be paid immediately as this has been agreed by council.
- The council needs to decide whether the 2020/2021 recharge of £646.76 is reasonable given the amount of grant funding which was received and the additional funding provided by the school.
- There are a number of issues surrounding the reconciliation of the recharges for 2021/2022 and 2022/2023 therefore any invoices raised by CEC should not be agreed by the Parish Council.

- If the figures for recharge years 2018/2019 and 2020/2021 were agreed by the Parish Council then CEC could be asked to raise an invoice to include 2018/2019, 2019/2020 and 2020/2021.
- The reserves for these years could be reduced accordingly and the surplus (£16,481.53) transferred to support the recharge deficits in years 2018/2019 (1p) and 2022/2023 (3,639.39). The remainder (£12,842.14) to be transferred to the General Fund for reallocation.